

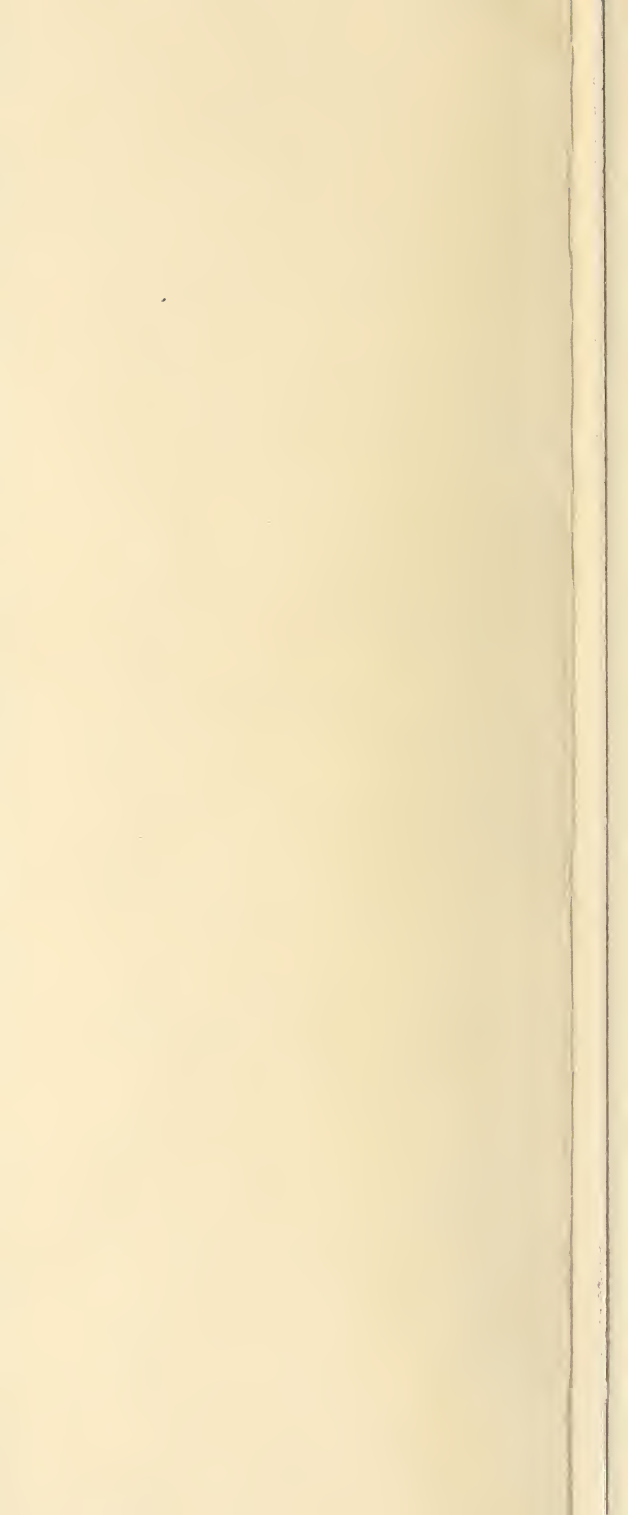
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# Highlights of 1972 Medicare changes

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### Highlights of 1972 Medicare changes

Major changes in Medicare have come about as a result of a new law. For the first time, Medicare's hospital insurance and medical insurance will be available to some people under 65 who are disabled. The law also has broadened Medicare coverage to include a wider range of health care services.

There are other changes in the law which are designed to improve the administration of Medicare—changes designed to find better ways of delivering health care, to help control rising program costs, and to make overall operation of the program more efficient and equitable.

This leaflet explains the changes in Medicare most important to you.

### Medicare for the disabled

Medicare will start July 1, 1973, for disabled people under 65 who have been getting social security or railroad retirement disability checks for 2 years or more by that month—disabled workers, persons who became disabled before age 22, and disabled widows and disabled dependent widowers.

These people who now get disability checks will get more information about their Medicare protection soon. They don't have to do anything now.

Also eligible for this protection beginning July 1, 1973, are widows 50 or older who have been severely disabled the last 2 years but haven't filed a claim based on their disability because they are getting social security checks as a mother caring for young or disabled children. These women should call any social security office for more details about how they can get Medicare protection.

### Chronic kidney disease

People under 65 who need hemodialysis treatment or a kidney transplant because of chronic kidney disease also may be covered under Medicare beginning July 1, 1973. People who have worked long enough under social security to be insured, or who get monthly social security benefits, and their wives or husbands and dependent children will be eligible—if they need hemodialysis or a kidney transplant.

Medicare coverage can begin with the fourth month after the person first begins a course of hemodialysis. Information about how to apply for this coverage will be available soon at any social security office.

### Medical insurance deductible

Starting in 1973, the annual deductible for the medical insurance part of Medicare is \$60, instead of \$50 as under the old law. This means that after you have \$60 in doctor bills or other covered expenses in 1973, medical insurance will pay 80 percent of the reasonable charges for such services for the rest of the year.

### Limits on premium increases

Beginning July 1, 1973, the premium you pay for medical insurance can be raised only if a general social security benefit increase has occurred since the last premium increase. The percentage of the premium increase can be no more than the percentage of the cash benefit increase. You will never pay more than half the total cost of your medical insurance; the Federal Government pays the rest from general revenues.

**Voluntary hospital insurance under Medicare**  
People who haven't worked long enough under social security to be eligible for hospital insurance under Medicare when they reach 65 will be able to buy this protection on a voluntary basis. If they choose to enroll for hospital insurance, they will pay a monthly hospital insurance premium of \$33 and more in later years if hospital costs rise. People who choose to buy hospital insurance protection must also enroll and pay the monthly premium for medical insurance. Medicare coverage under this provision can begin July 1, 1973.

### Automatic medical insurance enrollment

People who first become entitled to hospital insurance in July 1973 or later will be automatically covered by the medical insurance part of Medicare unless they say they don't want this protection. People enrolled in medical insurance pay a monthly premium to pay part of the cost. The automatic enrollment also will apply to those newly eligible for Medicare because they are disabled. People who are affected by this provision will receive information in the mail shortly before they become entitled to hospital insurance and will be given an opportunity to decline medical insurance protection.

There are two exceptions: People living in Puerto Rico and people living in foreign countries will not be covered automatically. They will receive information about medical insurance and will have to sign up for it if they want it.

### Three-year limit dropped

The requirement that people enroll in medical insurance within 3 years after their first chance, or within 3 years after a previous withdrawal, has been dropped. Those eligible for medical insurance can now enroll during any general enrollment period (January 1 through March 31 of each year). The premium will be 10 percent higher for each full year a person could have had medical insurance but didn't sign up for it.

### Payment for home health care

Instead of paying 80 percent of the reasonable cost for home health care covered under medical insurance, beginning in 1973 Medicare will pay 100 percent of the reasonable cost of such covered care (after the annual \$60 deductible is met).

### Advance approval of post-hospital care

Medicare will set up rules permitting advance approval of Medicare payment for post-hospital extended care and home health services that a patient needs for treatment of specified medical conditions. The rules will be designed to help assure that payment will be made for a specific number of days of skilled nursing or rehabilitative care in a participating skilled nursing facility or a specific number of home health visits. More information about this provision will be available soon at your social security office.

### **Outpatient physical therapy services**

Beginning January 1, 1973, a hospital or skilled nursing facility can provide covered outpatient physical therapy under medical insurance to its inpatients who don't have hospital insurance or who have exhausted their days of hospital insurance coverage. Also beginning July 1, 1973, services furnished by a licensed independent physical therapist in his office or in the patient's home can be covered under medical insurance. Medicare payment would be based on a maximum of \$100 of incurred expenses in any calendar year.

### **Services of chiropractors**

Certain limited services provided by chiropractors will be covered under medical insurance beginning July 1, 1973.

### **Coverage of colostomy supplies**

Effective immediately, medical insurance can cover certain colostomy care supplies.

### **Medicare services outside the U.S.**

If you live in a border area of the United States and a qualified foreign hospital is closer to you than a U.S. hospital, Medicare can help pay for covered inpatient care in the foreign hospital for hospital stays beginning January 1, 1973. It can also help pay for medically necessary doctors' services and ambulance services furnished in connection with the hospitalization. If you become ill or are injured while traveling in Canada between Alaska and another State, Medicare can also help pay for the same types of care. Under the old law, only *emergency* care in a foreign hospital was covered.

### **Cost control measures**

Several features in the new law are designed to help control the rising costs of Medicare and insure increased efficiency and economy in program operations.

The new law also encourages the establishment of "health maintenance organizations" by providing incentives for the organizations to improve health care services and at the same time to hold down expenses. An example of such an organization is a group health plan. People eligible for Medicare protection may choose to have all their covered care provided through such an organization.

A number of other Medicare provisions aim at improving effectiveness and curbing rising costs. Local organizations of practicing physicians will be set up across the country to review the quality and medical necessity of Medicare services. The new law also permits experiments to test the concept of prospective reimbursement to providers and other experiments to help improve the effectiveness of the program.





## **Financing Medicare**

Hospital insurance is financed by a portion of the social security contributions paid by employees, their employers, and self-employed people. In 1973, the total social security contribution rate rises from 5.2 percent to 5.85 percent each for employees and employers, and from 7.5 percent to 8 percent for self-employed people. The hospital insurance portion, which was .6 percent in 1972, rises to 1 percent in 1973. The increase in the hospital insurance portion puts hospital insurance on a sound financial basis and provides for extending Medicare protection to covered workers if they become disabled before 65. Prior to this change, the hospital insurance program was seriously under-financed and Medicare applied only to people 65 or over. These contribution rates will be paid on covered earnings up to \$10,800 in 1973 and up to \$12,000 in 1974.

The other part of Medicare, medical insurance, is financed by the monthly premiums paid by people who enroll and by the Federal Government. Under present law, the Federal share can never be less than one-half the cost of the program. The basic premium rate is \$5.80 a month through June 1973.

## **For more information**

For more information about the changes in Medicare, call any social security office. The people there will be glad to help you. You can find the telephone number in your directory under Social Security Administration.

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